



POPE ZEIGLER
LAW FIRM

COLUMBIA | CHARLOTTE

Belton T. Zeigler
Partner

bzeigler@popezeigler.com

MAIN 803 354.4900

FAX 803 354.4899

Pope Zeigler, LLC
1411 Gervais St., Ste 300
Post Office Box 11509
Columbia, SC 29211
popezeigler.com

February 14, 2011

The Honorable Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
P. O. Drawer 11649
Columbia, SC 29211

Re: Quarterly Report of SCE&G Concerning Construction of V.C. Summer Nuclear Station
Units 2 and 3

Dear Ms. Boyd:

Enclosed please find informational copies of South Carolina Electric & Gas Company's (the "Company" or "SCE&G") Quarterly Report (the "Report") for the period ending December 31, 2010, related to the construction of V.C. Summer Nuclear Station Units 2 and 3 (the "Units").

This Report is being filed with the South Carolina Office of Regulatory Staff ("ORS") pursuant to the Base Load Review Act, S.C. Code Ann. § 58-33-277 (Supp. 2010) and the provisions of Order No. 2009-104(A) of the Public Service Commission of South Carolina (the "Commission").

As you are aware, on November 15, 2010, the Company filed with the Commission a Petition for Updates and Revisions to Capital Cost Schedules, in Docket No. 2010-376-E (the Petition). As set forth on Exhibit 1 to the Petition, the Company has removed \$438,291,000 in owner's capital cost contingencies from its cost projections in response to the South Carolina Supreme Court opinion in South Carolina Energy Users Comm. v. South Carolina Pub. Serv. Comm'n, 388 S.C. 486, 697 S.E.2d 587 (2010) (the "Opinion"). In addition, the Petition also includes approximately \$174 million in capital costs that the Company has identified and itemized to specific cost items in the capital cost forecast for the project. The Petition also updates the cash flow projections for the project to take into account all changes in the timing of cash flow requirements resulting from such things as changes in project construction schedules and shifts in milestone dates. The Report and the financial analysis it represents reflect the cost projections contained in the Petition with certain updates as described more fully in the Report.

Because this Report contains certain commercially sensitive information, SCE&G is filing both redacted (Public) and unredacted (Confidential) versions of this Report with ORS. For your convenience, we are providing you with ten (10) copies of the Public version of this

Report. SCE&G is also providing one (1) copy of the Confidential version of this Report and is hereby petitioning the Commission to enter a confidentiality order protecting the commercially sensitive information contained therein from disclosure, as set forth below.

The Confidential version of this Report contains confidential information related to the pricing and pricing terms of the Engineering, Procurement and Construction Agreement (the “EPC Contract”) between SCE&G and a consortium consisting of Westinghouse Electric Company, LLC and the Shaw Group (collectively, the “Contractor”). The EPC Contract contains confidentiality provisions that require SCE&G to protect proprietary information that the Contractor believes to constitute trade secrets and to be commercially sensitive. The Contractor has requested that SCE&G maintain the confidentiality of certain information contained in **Appendix 1, Chart A and Appendix 3**. This confidential information has been redacted from the Public Version of these appendices.

In keeping with the Contractor’s request and the terms of the EPC Contract, SCE&G respectfully requests that the Commission find that the Confidential version of the Report contains protected information and issue a protective order barring the disclosure of Appendix 2, Chart A and Appendix 3 of the Report under the Freedom of Information Act, S.C. Code Ann. §§ 30-4-10 *et seq.*, S.C. Code Ann. Regs. 103-804(S)(1), or any other provision of law, except in its public form. Pursuant to 26 S.C. Code Regs. 103-804(S)(2), the determination of whether a document may be exempt from disclosure is within the Commission’s discretion. Such a ruling in this instance would be consistent with the Commission’s prior rulings in Docket No. 2008-196-E and Docket No. 2009-211-E. In those dockets, the Commission found, among other things, that the pricing and pricing terms of the EPC Contract are confidential, and issued a protective order barring the disclosure of such information. *See* Commission Order Nos. 2008-467; 2008-696, as amended by Order No. 2008-739; 2009-888, and 2010-198 issued in Docket No. 2008-196-E; and Commission Order No. 2009-401 issued in Docket No. 2009-211-E.

To this end, and in accordance with Commission Order No. 2005-226, dated May 6, 2005, in Docket No. 2005-83-A, enclosed with this letter is as follows:

1. A true and correct copy of the Confidential version of the Report in a sealed envelope marked “CONFIDENTIAL.” The title page of the Confidential version of the Report is marked “CONFIDENTIAL VERSION” and each confidential page of the Confidential version of the Report is marked “CONFIDENTIAL EXHIBIT.”
2. Ten copies of a redacted Public version of the Report.

SCE&G respectfully requests, in the event that anyone should seek disclosure of the unredacted Confidential version of the Report, that the Commission notify SCE&G of such request and provide it and the Contractor with an opportunity to obtain an order from this Commission or a court of competent jurisdiction protecting the Confidential version of this document from disclosure.

If you have any questions regarding these matters, please advise.

Sincerely,



Belton T. Zeigler

cc: C. Dukes Scott
John Flitter
Shannon Bowyer Hudson, Esquire
K. Chad Burgess, Esquire